

(The following letter was U.S. mailed to independent retailers who received 1099 MISC from RJRT.)

February 13, 1998

Dear Retailer:

This letter is to provide you with additional information regarding the recent 1099-MISC that you received from R. J. Reynolds Tobacco Company.

- In the 1099-MISC that you received, the "Other Income" amount shown in Box 7 includes an amount for "Sales Drafts".
- The "Sales Drafts" amount includes payments you received under the 1997 Retail Accrual program for "RJR Match" programs (including discounting) that you developed with your RJR representative as well as payments received for Temporary Displays.
- Payments received for "RJR Match" programs that were used for reductions to your Retail purchase price (i.e. price discounts) do not have to be treated as "Gross Income" for tax purposes. These price-discounting payments can be treated for tax purposes as "reductions" to your costs of purchased goods.
- By contrast to the price-discounting payments, payments received from RJRT for non-discounting programs as well as payments received for shelf payments, temporary displays and advertising must be treated as gross income for tax purposes.

THIS LETTER SHOULD BE RETAINED WITH YOUR TAX RECORDS AND A COPY SHOULD BE PROVIDED TO YOUR TAX ADVISOR. IF YOU COMPLETE AND SIGN THE ATTACHED FORM, BASED UPON YOUR RECORDS, AND RETURN IT TO RJRT BY MARCH 2, 1998, WE MAY BE ABLE TO ADJUST YOUR FORM 1099-MISC BY SUBTRACTING THE PRICE-DISCOUNTING. OTHERWISE, YOUR TAX ADVISOR SHOULD ADJUST YOUR TAX RETURN AS NECESSARY.

If you have any questions regarding this letter, please contact us at 336-741-5590.

R. J. REYNOLDS TOBACCO COMPANY

51859 9529

To: Noonan, R. Ridge, Robert, Smith, Richard A., Cote, Raymond A., Sheft, S N., Macleod, Stephen, Beard, R L., Steele, Robert R., Coslett, Job H., Page, Cynthia, Salerno, Joseph S., Sheltra, Marlowe, Close, Scott P., Bain, Georgia A., Tisinger, Michael D., Haskin, Susan J., Huntoon, Lynne D., Howard, M S., Orlando, Joseph J., Neaf, D M., Morris, M E., Levenstein, Howard S., Davignon, Barry A., Thompson, Timothy J., Clary, Nancy A., Miller, D S., Whiting, James R., Patterson, David P., Davis, Robert J., CHICCARELLI, John J., Doak, Donna L., Smith, P E., Martin, Holly G., Pianowski, Robert J., Wallon, Laura J.

From: 1610 - Buffalo ROU (BRZEZIE)

Posted: 2/17/98 9:12

Opened: 2/18/98 10:25

Subject: FWRD: FSC-31-B Reissue of 1099 MISC to

forwarding the following.....

===== <Forwarded Letter> =====

From: Davis, Carla C.

To: 1610

Subject: FSC-31-B Reissue of 1099 MISC to Retail

Posted: 02/13/98 20:07

Priority: Normal Priority

Microsoft Mail v3.0 (MAPI 1.0 TransportA) IPM.Microsoft Mail.Note

From: Davis, Carla C.

To: 1000 - North East Sales Area

- 1100 - Boston Region
- 1110 - Boston ROU
- 1140 - Boston Chain
- 1200 - New York Region
- 1210 - New York ROU
- 1240 - New Jersey Chain
- 1244 - New York Chain
- 1300 - Philadelphia Region
- 1310 - Philadelphia ROU
- 1340 - Philadelphia Chain
- 1600 - Buffalo Region
- 1610 - Buffalo ROU
- 1642 - Syracuse Chain
- 1645 - Buffalo Chain
- 1700 - Pittsburgh Region
- 1710 - Pittsburgh ROU
- 1740 - Pittsburgh Chain
- 1742 - Harrisburg Chain
- 1744 - Cleveland Chain
- 1800 - Cincinnati Region
- 1810 - Cincinnati ROU
- 1840 - Cincinnati Chain
- 1842 - Louisville Chain
- 1844 - Columbus Chain
- 1846 - Indianapolis Chain
- Albers, Gary <KAM> 1846
- Alessandra, Cheryl <AM> 1645
- Battle, Herbert <AM> 1642
- Belniak, Mike <KAM> 1140
- Bomgardner, Denny L. <KAM> 1340
- Burke, Helen <AM> 1142
- Casabella, Terry <AM> 1842
- Coleman, Brian <KAM> 1744
- Cunningham, David L. <AM> 1740
- Divito, Patrick <AM> 1740
- Dobrowolski, R E. <ROM> 1710

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Duszynski, Renee <KAM> 1645
Evanchik, Audrey E. <AM> 1240
Fitzin, Thomas J. <RBM> 1100
Fricke, R. H. <AM> 1340
Gittins, John D. <AM> 1744
Godby, Joel <AM> 1840
Gohn, Lonnie <AM> 1742
Groll, Art P. <AM> 1244
Hammond, Matt <KAM> 1840
Helm, Robbie <RM> 1732
Herlihy, James <AM> 1742
Jandes, Jeffrey K. <RBM> 1700
Keeney, David W. <KAM> 1642
Klahm, Chuck <MC> 1810
Kuruc, Nick <KAM> 1240
Lintzenich, Jack D. <AM> 1844
Majer, Steve <AM> 1340
Manos, Steven <AM> 1140
McCleary, Neal <KAM> 1844
McGovern, Mitchell <KAM> 1740
McLean, Jim <AM> 1642
Merusi, Jim L. <KAM> 1142
Metzger, Tamara <SC> 1810
Miller, Michael <KAM> 1842
Miskewycz, Ihor <AM> 1744
Morris, Jim <KAM> 1340
Moser, Curt <KAM> 1742
Moulton, George <KAM> 1244
Natale, Francis V. <RBM> 1600
Payne, Scott <AM> 1740
Perez, Frank J. <AM> 1244
Petrone, Mike J. <AM> 1340
Piscitelli, Jim <AE> 1000
Rago, Joseph M. <AM> 1340
Sampson, Tyrone <RBM> 1300
Schroer, Scott <AM> 1840
Schwalm, Sharon <AM> 1642
Scott, Theresa <AM> 1146
Sullivan, Mike E. <AM>
Tanchyk, Richard <AM> 1642
Traylor, Richard P. <AM> 1846
Venooker, Eric <AM> 1122
Weber, Wes <AM> 1842
Webster, Sue <PC> 1810
Wright, Randy <AM> 1744
Zecca, Anthony <AM> 1645
2000 - Southern Sales Area
2100 - Winston-Salem Region
2110 - Winston-Salem ROU
2142 - Winston-Salem Chain
2144 - Charlotte Chain
2146 - Raleigh Chain
2148 - Knoxville Chain
2200 - Atlanta Region
2210 - Atlanta ROU
2240 - Atlanta Chain
2242 - Atlanta Metro Chain
2243 - Birmingham Chain
2245 - Mobile Chain
2300 - Florida Region
2310 - Florida ROU
2340 - Jacksonville Chain
2342 - South Florida Chain

2344 - Tampa Chain
2346 - Orlando Chain
2600 - Dallas Region
2610 - Dallas ROU
2640 - Dallas Chain
2642 - Ft. Worth Chain
2643 - New Orleans Chain
2648 - Jackson Chain
2900 - Richmond Region
2910 - Richmond ROU
2940 - Washington Chain
2944 - Richmond Chain
2946 - Norfolk Chain
Arfmann, Marty J. <AM>
Atkinson, H. Grat <AM> 2148
Ayers, Moir <AM> 2142
Barney, Kevin <KAM> 2946
Bothe, James M. <AM> 2240
Bruton, John C. <AM> 2144
Carter, Charles R. <AM> 2243
Chacon, Pat <AM> 2643
Clark, James <AM> 2648
Conroy, Marianna <AM> 2944
Cook, Darnell Mark <KAM> 2642
Cook, Gilbert H. <AM> 2936
Crane, Robert <AM> 2648
Cundari, Charles <AM> 2242
Davis, Natalie <RBM> 2200
Deese, David <KAM> 2342
Ferencak, Cynthia L. <RBM> 2100
Forrey, Linda <KAM> 2344
Gesmundo, David J.
Herhold, James <AM> 2344
Howell, Lisa W. <AM> 2146
Huff, Chris S. <KAM> 2346
Jamison, Mark <AM> 2142
Keen, Randall <AM> 2146
McAllister, Ken <AM> 2944
Murphy, James <AM> 2642
Napp, Ralph V. <KAM> 2144
Nelson, David M. <AM> 2144
Noah, Bill <RBM> 2900
Ochoa, Dora <AM> 2643
Omara, Pat <KAM> 2146
Parnell, Edward <AM> 2243
Reynolds, Juacane <RBM> 2300
Robleto, Mario <AM> 2342
Rodriguez, Suzanne <AM> 2342
Rumberger, Jeff <KAM> 2640
Sanders, Julie G. <KAM>
Seltzer, Cindy L. <AM> 2245
Settle, Phil <KAM> 2340
Shaw, Rusty R. <KAM> 2240
Slaughter, W <AM> 2946
Springer, Howard <AM> 2946
Stiff, Cleveland <AM> 2642
Sullivan, Randall <KAM> 2944
Sweeney, Junie <KAM> 2643
Taylor, David A. <KAM> 2648
Thomas, E. Frank <KAM> 2242
Tress, Anthony <KAM> 2148
Trimm, Krysti <AM> 2640
Ward, Jeffrey <AM> 2148

Wass, James A. <KAM>
Weber, Fred <RBM> 2600
Williams, Duane <ROM> 2610
Subject: FSC-31-B Reissue of 1099 MISC to Retailers
Date: 1998-02-13 15:07
Priority: 3
Message ID: AE8E0EF3A8A3D1119FCE00805FE5605F
Conversation ID: FSC-31-B Reissue of 1099 MISC to Retailers
Attachments:
FSC31B.DOC

[[FSC31B.DOC : 5129 In FSC31B.DOC]]

CC: MacWilliams, Lori, Rush, Sarah

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